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27 February 1967

DCI BRIEFING FOR HOUSE
ARMED SERVICES COMMITTEE

THE SOVIET UNION

Before turning to the subject of Communist China, I want to discuss briefly those elements of the Soviet political and economic situation which have a direct bearing on national power, and then the Sino-Soviet dispute and the situation along the Sino-Soviet border.

The Soviet Leadership

I. The men who threw out Khrushchev more than two years ago have now had time to establish their policies, their relationships, and their method of operation.

A. What has emerged is essentially a collective leadership.

1. There has been a steady enlargement in the position of the Party General Secretary, Leonid Brezhnev.

2. The present leaders, however, are a blend of mixed interests and authority. They have held together remarkably well, but they have done it with undramatic,

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middle-of-the-road policies. The guiding principle appears to be: "Don't rock the boat."

B. Decisions are determined by compromise, and implemented with caution.

1. This avoids the erratic initiatives of Khrushchev's time, and minimizes the risk of major failures.

C. The present leadership has not yet demonstrated, however, that it has designed a durable governmental machinery which can make the hard decisions and still avoid the tendency toward the one-man rule of the Stalin and Khrushchev eras.

1. Such highly political problems as economic reform and resource allocation have not been resolved.

2. And while the Kremlin outwardly maintains an image of collective leadership, the subtle struggle for power and position continues.

Soviet Economy

II. The Soviet economy in some ways symbolizes this temporizing on the part of the leadership. The same problems are still there; reforms are being attempted cautiously and gradually. As an example,

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the U.S.S.R. is already in the second year of a Five-Year Plan period, and the plan has not yet been put in final form and approved.

A. The Soviet economy is somewhat less than half the size of ours, and the Soviet Gross National Product in 1966 was about 45 percent of the U.S. GNP.

1. The GNP growth rate in Russia last year was 7 1/2 percent, but this was due to the largest grain crop in Soviet history.

2. The average growth rate of the preceding five years was 4 1/2 percent, and the outlook from now through 1970 is for about 4 to 5 1/2 percent increase each year.

B. Whatever the problems, and whatever the achievements, we expect that the economy will give the military establishment whatever is considered necessary by the Kremlin for national security.

Military Expenditures

III. Soviet spending for military purposes and space remained fairly stable from 1962 through 1965, but it increased an estimated 7 percent in 1966. It appears that another 4 percent will be piled on top

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of last year's increase in 1967.

A. The Soviets have announced a military budget for 1967 which is the highest since World War II. It amounts to 14.5 billion rubles--an increase of 1.1 billion over the published figures for 1966.

1. The announced defense budget, however, includes only about 60 percent of the actual military expenditures.

2. We estimate that total Soviet defense spending in 1967 will be about 19.8 billion rubles, or about 54 billion dollars in comparable terms.

B. Soviet spending for advanced military and space systems--and particularly for Research and Development--is growing much faster than the total defense budget.

1. As this chart shows, it more than doubled between 1958 and 1966.

2. These programs demand the best and scarcest resources in plant, material, and skilled technology. The military demand for these resources highlights the whole resource allocation problem in the Soviet Union. But we expect that the

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military and space programs will continue to have first call on available resources.

Soviet Relations with the United States

IV. I want to touch on just two facets of Soviet foreign policy--Soviet relations with the United States, and the Sino-Soviet dispute.

V. On the question of relations with the United States, the public stance of the Soviet leaders at present is that it is difficult to make any progress in resolving issues with a nation which is attacking their Communist brethren in North Vietnam.

A. This position is dictated to a degree by the role which support of the North Vietnamese has come to play in the Sino-Soviet dispute.

1. It is also, of course, a handy pretext by which the Russians can require the overtures to come from us.

B. In fact, however, there has been some progress on issues not affecting Vietnam--for instance, the recent civil air and space agreements, and the indications that it may be possible to agree on a nuclear non-proliferation treaty.

C. In private, Soviet leaders have used numerous opportunities to emphasize that they want to

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avoid any showdown with Washington over the Vietnamese issue.

D. The Kremlin leaders realize that if there is going to be any meaningful progress along the lines of their national interests in such matters as European security, arms control, and East-West trade, sooner or later they are going to have to resume the dialogue with the United States.

E. I have no doubt that the Soviet leaders are delighted to see the United States bogged down in Southeast Asia, and that they will continue to give the North Vietnamese any aid which involves no major risk for the Soviet Union.

F. They do not, however, wish a direct Soviet-U.S. confrontation, and it is clear that they want to keep their lines of communication with Washington open and working.

The Sino-Soviet Dispute

VI. As for the Sino-Soviet dispute, the dominating factor in Soviet foreign policy today is that relations between Moscow and Peking have hit rock bottom.

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A. The Chinese have done their best in recent weeks to goad Moscow into making a full diplomatic break.

1. In mid-February, Peking eased up a bit on some of the harassing tactics, but the Chinese had already demonstrated that they had it in their power to force every last Russian out of Peking---and they can exert that power at a moment's notice.

2. Each side would prefer not to take the final step in breaking diplomatic relations, but the Soviets probably have the most to lose.

3. A complete break could greatly complicate Moscow's problems in getting military aid through China to North Vietnam.

4. Virtually all Russian arms aid has taken this overland route, largely because of Soviet reluctance to risk a confrontation with the U. S. on the high seas.

B. If the Chinese can force the Soviets to break relations, they can then charge that the Soviets are to blame for any interruption in the delivery of military aid to North Vietnam.

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1. China has already tried to exploit Soviet unwillingness to use the alternate sea route, charging the Russians with cowardice.
2. The Chinese probably believe that in a pinch the Soviets would still refuse to ship by sea, and thus would discredit themselves in Hanoi.

C. Moscow is preparing for the worst, carefully documenting the record in an effort to blame Peking if aid to Hanoi is disrupted.

1. An official Soviet statement on February 9 accused Peking of "preventing the solution of concrete questions," and Moscow has published charges that the Chinese are diverting, sabotaging, or re-labeling Soviet war materiel passing through China to North Vietnam.
2. Soviet propaganda media have blamed Chinese intransigence for the resumption of U.S. bombing on February 14.

25X1C 3. [redacted] says Laos has granted overflight rights for Soviet aircraft to and from Hanoi as long as they carry no war materiel. One Soviet IL-18 transport went home by this route on February 10 when Peking was harassing Soviet flights, but no air route would be a feasible substitute for rail shipments through China.

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VII. The Soviets would like to hang on in Peking, and may still hope to ride out the current crisis.

A. They would prefer, if at all possible, to keep some representation in China, on the slim chance that at some point they could exert some influence on the direction of the current upheaval.

B. Perhaps more important, Moscow clearly is unwilling to make it easier for China to deny it overland access to Hanoi.

C. The USSR has already gone to great lengths to maintain a presence in China.

1. When the Soviet embassy in Peking was placed under virtual siege, most of the dependents were flown home, but the same aircraft brought in tons of food, and tough young guards to patrol the embassy grounds. The Russians even turned their swimming pool into a water reservoir in case the Chinese should cut off utilities.

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THE SINO-SOVIET BORDER

I. The situation along the Sino-Soviet border provides evidence that Moscow considers the dispute with China a genuine cause for concern.

A. The Soviets have been strengthening their military positions along the border for the past 18 months.

1. The build-up has been gradual, and looks more like a reflection of contingency planning than a crash effort in reaction to recent developments.

2. We have no hard evidence of any major clashes along the frontier, although there have been persistent reports from both Moscow and Peking of scattered incidents.

B. The Russians have added as many as 35,000 ground troops and several thousand border guards to their relatively lean military positions near China and Mongolia since 1963. The bulk of the build-up has taken place since October, 1965.

1. The four military districts bordering on China now have about 275,000 ground force troops.

C. Opposite Chinese Sinkiang, the Soviets have now established an army corps headquarters,

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with at least two and possibly three divisions. One of these divisions was transferred from the North Caucasus Military District.

1. Since October, 1965, they have also built eight new airfields in this area, which would permit rapid augmentation by airlift.

D. The Transbaykal Military District is up from two tank divisions to four, concentrated in the area near Dauriya where Manchuria, Mongolia, and the Soviet Union meet.

1. The Military District Commander is the former top Soviet armored officer in East Germany.

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E. Since October, 1965, the Soviets have sharply expanded the deployment of their most modern air surveillance data network, to provide better air defense for the Trans-Siberian Air Defense District, which lies north of Sinkiang and Mongolia.

1. During 1966, we received good 25X1D evidence that a Mongolian air defense system is taking shape. It is very closely supervised by the Soviets.

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II. [redacted] has reported that the Soviet military intelligence organization--the so-called G.R.U.--was reorganized about a year ago, to provide better intelligence on China.

A. We have been interested to observe that the Soviets are using some of the latest techniques for covering denied areas to keep up with what's going on in China.

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[redacted]

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B. [redacted] has recently managed to obtain a list of Soviet intelligence requirements, as of early 1966, for information on China.

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C. We continue to receive reports that there have been incidents and minor clashes along the border, but there is no confirmation. The Soviet press has carried accounts of two incidents in February along the Manchurian border, naturally blaming the Chinese for starting both of them.

D. The Soviets have recently tried to increase the unrest among ethnic minorities in Sinkiang.

1. Soviet broadcasting in Uighur has increased sharply, and is being carried by transmitters closer to the border to increase the effective range. (The Uighurs in Sinkiang are ethnically related to the Turks. Peking accused the Soviet Union of luring 60,000 of them across the border in 1962.)

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2. Sinkiang Province appears to be one of the trouble spots in the current Chinese domestic turmoil, and the Soviet press has been using Peking's "cultural revolution" as a peg for lurid accounts of Chinese persecution of central Asian minorities.

III. The Chinese are extremely uneasy over Soviet intentions--both political and military--along the remote frontier area. They have done plenty of talking in public and private about these Soviet activities, but so far they have done little to boost their own military capabilities along the border.

A. They tightened security controls along the border during the Uighur unrest in 1962 and 1963, and these controls apparently are still being rigidly enforced.

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